

The Benchmarking Code of Conduct



AMERICAN PRODUCTIVITY
& QUALITY CENTER

Preamble

Benchmarking—the process of identifying and learning from best practices anywhere in the world—is a powerful tool in the quest for continuous improvement and breakthroughs.

To guide benchmarking encounters, to advance the professionalism and effectiveness of benchmarking, and to help protect its members from harm, the International Benchmarking Clearinghouse, a service of the American Productivity & Quality Center, has adopted this Code of Conduct. Adherence to this Code will contribute to efficient, effective and ethical benchmarking.

About APQC

The American Productivity & Quality Center (APQC) is a business-oriented non-profit source for performance improvement and decision support—information and knowledge, networking, research, training, and advisory services. Organizations of all sizes and industries—business, government, education, and health care—partner with APQC to discover global best practices and grow into learning organizations.

For more information about APQC's services, including the International Benchmarking Clearinghouse and the Institute for Education Best Practices, call 800-776-9676 (713-681-4020 outside the US), email to apqcinfo@apqc.org, or visit our website at <http://www.apqc.org>.

Code of Conduct:

1.0 Principle of Legality

- 1.1 If there is any potential question on the legality of an activity, consult with your corporate counsel.
- 1.2 Avoid discussions or actions that could lead to or imply an interest in restraint of trade, market and/or customer allocation schemes, price fixing, dealing arrangements, bid rigging, or bribery. Don't discuss costs with competitors if costs are an element of pricing.
- 1.3 Refrain from the acquisition of trade secrets from another by any means that could be interpreted as improper including the breach or inducement of a breach of any duty to maintain secrecy. Do not disclose or use any trade secret that may have been obtained through improper means or that was disclosed by another in violation of duty to maintain its secrecy or limit its use.
- 1.4 Do not, as a consultant or client, extend benchmarking study findings to another company without first ensuring that the data is appropriately blinded and anonymous so that the participants' identities are protected.

2.0 Principle of Exchange

- 2.1 Be willing to provide the same type and level of information that you request from your benchmarking partner to your benchmarking partner.
- 2.2 Communicate fully and early in the relationship to clarify expectations, avoid misunderstanding, and establish mutual interest in the benchmarking exchange.
- 2.3 Be honest and complete.

3.0 Principle of Confidentiality

- 3.1 Treat benchmarking interchange as confidential to the individuals and companies involved. Information must not be communicated outside the partnering organizations without the prior consent of the benchmarking partner who shared the information.

- 3.2 A company's participation in a study is confidential and should not be communicated externally without their prior permission.

4.0 Principle of Use

- 4.1 Use information obtained through benchmarking only for purposes stated to the benchmarking partner.
- 4.2 The use or communication of a benchmarking partner's name with the data obtained or practices observed requires the prior permission of that partner.
- 4.3 Contact lists or other contact information provided by the International Benchmarking Clearinghouse in any form may not be used for purposes other than benchmarking and networking.

5.0 Principle of Contact

- 5.1 Respect the corporate culture of partner companies and work within mutually agreed procedures.
- 5.2 Use benchmarking contacts, designated by the partner company if that is their preferred procedure.
- 5.3 Obtain mutual agreement with the designated benchmarking contact on any hand-off of communication or responsibility to other parties.
- 5.4 Obtain an individual's permission before providing his or her name in response to a contact request.
- 5.5 Avoid communicating a contact's name in an open forum without the contact's prior permission.

6.0 Principle of Preparation

- 6.1 Demonstrate commitment to the efficiency and effectiveness of benchmarking by being prepared prior to making an initial benchmarking contact.
- 6.2 Make the most of your benchmarking partner's time by being fully prepared for each exchange.
- 6.3 Help your benchmarking partners prepare by providing them with a questionnaire and agenda prior to benchmarking visits.

BENCHMARKING PROTOCOL

Benchmarkers:

- Know and abide by the Benchmarking Code of Conduct.
- Have basic knowledge of benchmarking and follow a benchmarking process.
- Prior to initiating contact with potential benchmarking partners, have determined what to benchmark, identified key performance variables to study, recognized superior performing companies, and completed a rigorous self-assessment.
- Have a questionnaire and interview guide developed, and share these in advance if requested.
- Possess the authority to share and are willing to share information with benchmarking partners.
- Work through a specified host and mutually agreed upon scheduling and meeting arrangements.

When the benchmarking process proceeds to a face-to-face site visit, the following behaviors are encouraged:

- Provide meeting agenda in advance.
- Be professional, honest, courteous, and prompt.
- Introduce all attendees and explain why they are present.
- Adhere to the agenda.
- Use language that is universal, not one's own jargon.
- Be sure that neither party is sharing proprietary information unless prior approval has been obtained by both parties, from the proper authority.
- Share information about your own process, and, if asked, consider sharing study results.
- Offer to facilitate a future reciprocal visit.
- Conclude meetings and visits on schedule.
- Thank your benchmarking partner for sharing their process.

BENCHMARKING CODE OF CONDUCT

The following guidelines apply to both partners in a benchmarking encounter with competitors or potential competitors:

- In benchmarking with competitors, establish specific ground rules up-front, e.g. “We don’t want to talk about things that will give either of us a competitive advantage, but rather we want to see where we both can mutually improve or gain benefit.”
- Benchmarkers should check with legal counsel if any information gathering procedure is in doubt, e.g., before contacting a direct competitor. If uncomfortable, do not proceed, or sign a security/non-disclosure agreement. Negotiated a specific non-disclosure agreement that will satisfy the attorneys from both companies.
- Do not ask competitors for sensitive data or cause the benchmarking partner to feel they must provide data to keep the process going.
- Use an ethical third party to assemble and “blind” competitive data, with inputs from legal counsel in direct competitor sharing. (Note: When cost is closely linked to price, sharing cost data can be considered to be the same as price sharing.)
- Any information obtained from a benchmarking partner should be treated as internal, privileged communications. If “confidential” or proprietary material is to be exchanged, then a specific agreement should be executed to indicate the content of the material that needs to be protected, the duration of the period of protection, the conditions for permitting access to the material, and the specific handling requirements that are necessary for that material.

7.0 Principle of Completion

- 7.1 Follow through with each commitment made to your benchmarking partner in a timely manner.
- 7.2 Complete each benchmarking study to the satisfaction of all benchmarking partners as mutually agreed.

8.0 Principle of Understanding and Action

- 8.1 Understand how your benchmarking partner would like to be treated.
- 8.2 Treat your benchmarking partner in the way that your benchmarking partner would want to be treated.
- 8.3 Understand how your benchmarking partner would like to have the information he or she provides handled and used, and handle and use it in that manner.



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